

## Strategic lending

It has long been said that the Economic Development Bank for Puerto Rico (EDB) plays a small part in the island's economic development and job creation, and judging from the size of its loan portfolio, that has historically been the case.

Even today, at \$259 million in total loans, EDB's impact can't match the billions of dollars loaned to local businesses by the island's largest financial institutions.

But that entirely misses the point of what the EDB can contribute to local growth and job creation, if it played its cards right.

The EDB operates in the world of small and midsize businesses (Pymes by the Spanish acronym), where loans are generally many and small.

In today's economy—with the ability of big government to spur growth severely curtailed by bureaucracy and tight budgets, and with such old-style industrial-policy manufacturing clusters as pharma and medical instruments plummeting under the weight of high operating expenses—one of the most promising games in town is, precisely, the growth of small and midsize companies from coast to coast.

Granted, this is a strategy that takes an awful long time. Puerto Rico needs hundreds of thousands of new jobs in the coming years. Two weeks ago, this newspaper published a 132-page special edition with recommendations on exactly how to do that.

But that's not to say that the public and private sectors can't move forward on an exciting agenda to stimulate Pymes growth and create countless jobs. An integral part of that agenda must be the EDB.

In recent years, first under the able leadership of former President Lizzie Rosso and now under President Ivonne Otero, the bank has undergone a sort of renaissance. The work, surely, is not done. Otero is in the midst of accelerating internal reforms begun by Rosso and adding some of her own, all to bring the bank to the 21st century and carve out its new niche.

At the heart of that process is the concept of strategic lending. The bank's loans may be few compared with private institutions, but they are strategic. It picks its spots.

One niche targeted by EDB bankers, for example, is exports. A single local company borrowing, say, \$200,000 from the EDB today to finance a nascent global expansion, can lead to the development of a bona fide Puerto Rican multinational corporation in a few years.

In an exclusive interview with CARIBBEAN BUSINESS published this week on page 31, Walmart's new general manager on the island speaks of the chain's plans to take more local products to Walmart's global operations, boosting sales and local jobs incalculably. An EDB loan can make THE difference for any one of those companies.

Articles on pages 4, 25 and 27 chronicle Puerto Rico's boundless and imminent potential in technology-driven ventures. The White House has even signed on to help. Again, were the EDB to become involved with strategic loans for some of those emerging companies, the result could be nothing short of dramatic.

We could go on, but the message is clear. The EDB's own visionary programs, outlined in this week's front-page story, hold great potential as well.

It is not the size of the portfolio, we repeat, but the composition that really counts. Handled with great vision, timing and skill, the EDB's strategic lending can turn small companies into large multinationals. This would contribute greatly to accelerating Puerto Rico's thus-far slumbering plunge into economic recovery and help create the thousands of jobs we so desperately need. ■